

EB-2025-0265

GrandBridge Energy Inc.

**Application for funding for Non-Wires Solution Program beginning May 1, 2026
Submissions of VECC March 17, 2026**

GrandBridge Energy Inc. (GrandBridge Energy) filed an application with the Ontario Energy Board (OEB) on December 1, 2025 under section 78(3) of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B) seeking approval for funding its Non-Wires Solutions (NWS) Program beginning May 1, 2026.

GrandBridge Energy's application only impacts the GBE (E+) Rate Zone and does not impact the GBE (BPI) Rate Zone.¹

For the reasons discussed below, VECC submits that the OEB should approve funding for GrandBridge Energy's NWS Program, subject to VECC's comments on the proposed inputs to the Program budget including Margin on Payment costs.

Background

GrandBridge Energy indicates that the Independent Electricity System Operator's (IESO) Integrated Regional Resource Planning (IRRP) process for the Kitchener-Waterloo-Cambridge-Guelph (KWCG) region identified that GrandBridge Energy is currently facing urgent capacity constraints across its service area. Based on recent updates², the IESO escalated the urgency of addressing station capacity issues at three TSs (Preston TS, Galt TS and MTS#1) serving the City of Cambridge and recommended immediate action to address these priority needs.³ Future capacity needs affecting the Preston TS, Galt TS and MTS#1 were identified in a recent DSP⁴ for Energy+ and large customer connections have accelerated the need for additional capacity over a short period of time. Between 2019 and 2023, GrandBridge Energy stated that there was very little load growth on the stations (Galt TS, MTS#1 and Preston TS) supplied from the 230kV circuits M20D and M21D.

By 2027, Preston TS, Galt TS, and MTS#1 are projected to reach 88% of their capacity due to rapid growth caused by a range of developments including data centres, commercial sectors

¹ NWS Application p.4

² July 13 2024 KWCG IRRP Scoping Report, the May and September 2025 IESO KWCG stakeholder 14 engagement webinars, and the September 30, 2025 Urgent Letter

³ NWS Application p.8

⁴ EB-2028-0028 Energy+ COS Application

near major highways, residential development, urban densification, and fleet electrification.⁵ This loading level cannot be supported due to upstream transmission constraints that require the stations to be derated to a combine limit of 400 MW to avoid overloading the transmission system during a contingency.⁶ Forecasts show transmission utilization approaching 99% of available capacity during peak periods by 2027.⁷

Final Asset Solution: MTS#2

To address this identified capacity shortfall in the KWCG region, the IESO and the KWCG Working Group (which includes HONI and GrandBridge Energy) determined that the development of a new 115 kV transformer station in Cambridge (MTS#2) is required as part of an integrated regional solution. GrandBridge Energy is currently undertaking the MTS#2 project and progressing toward an in-service date of Q2 2028, in alignment with Hydro One's planned 115 kV transmission upgrades. GrandBridge Energy is not proposing approval of the MTS#2 assets or costs in this application.

Until the implementation of the MTS#2 solution, GrandBridge Energy requires immediate short term capacity relief to address the timing gap, the identified capacity shortfall and to maintain reliability.⁸

Interim Solution: NWS Program

GrandBridge Energy has proposed a NWS program as a cost-effective and innovative solution to address the near-term capacity constraints that could delay customer connections and impact reliability. The program known as the GridShare Program leverages demand response (DR) by incentivizing participants to reduce load during peak hours and supports distributed energy resources (DERs) to reduce demand on the grid. GrandBridge Energy plans to leverage local resources related to behind the meter distributed generation totalling approximately 34MW across the three transformer stations.⁹

GrandBridge Energy plans to procure up to 20 MW of capacity through an NWS capacity auction for three years (2026 to 2028) to allow for immediate capacity relief during which time the required traditional infrastructure will be constructed.

⁵ Under the February 2025 reference load growth scenario forecast

⁶ primarily due to the thermal limitations of HONI's M20D and M21D transmission lines, which are restricted to a combined capacity of 400 MW

⁷ NWS Application p. 8

⁸ Reliability risks from grid congestion and outages

⁹ NWS Application p. 20

GrandBridge Energy sees the NWS Program as a non-discretionary investment given the significant capacity constraints at the transformer stations in Cambridge.

Funding

In the original application, GrandBridge Energy sought recovery of a total revenue requirement of \$2.119 million for the NWS Program over the period 2026 to 2028, that included an offset of \$1,343 million to ratepayer funding through the federal government’s Smart Renewables and Electrification Pathways (SREP). At that time, GrandBridge Energy had not yet received final confirmation of the funding approval.¹⁰ In response to interrogatories, GrandBridge Energy revised and decreased the SREP contribution to \$250,000,¹¹ thereby increasing its revenue requirement funding request to \$3.018 million.

Item (\$000's)	2026	2027	2028	Total
OM&A Program Costs	\$765	\$809	\$1,353	\$2,927
Capital-Related Revenue Requirement	\$36	\$150	\$155	\$341
SREP Contribution	(96)	(58)	(96)	(250)
Total NWS Revenue Requirement	\$705	\$902	\$1,411	\$3,018

Bill Impacts

As a result of the reduction in the forecast of SREP contributions, the bill impact for a typical residential customer increases from \$0.47% to \$0.83/month, which represents a 0.64% total bill.¹² With no SREP funding, the impact is an increase of \$0.90/month, representing a 0.70% total bill increase.

Program Costs

The total NWS Program costs total \$3.513 million¹³ and consists of operating and capital costs as follows:¹⁴

¹⁰ NWS Application p. 10

¹¹ Based on NRCan’s current position on eligible expenditures and following the successful completion of the due diligence process (OEB Staff 7-a)

¹² 249,929 IR-

¹³ Excluding SREP Contribution

¹⁴ OEB Staff IR

Table 9 Update Feb 17, 2026: GBE NWS Program Budget				
Cost (\$000's)	2026	2027	2028	Total
Software Licensing & Maintenance	\$50	\$50	\$50	\$150
Professional Consulting	\$230	\$0	\$0	\$230
Allocated Staffing Costs	\$109	\$77	\$77	\$263
Participant Payments	\$326	\$592	\$1,064	\$1,982
Margin on Payment	\$50	\$90	\$162	\$302
Total Operating Costs	\$765	\$809	\$1,353	\$2,927
IT Software Implementation	\$475	\$0	\$0	\$475
Capitalized Professional Services	\$111	\$0	\$0	\$111
Total Capital Costs	\$586	\$0	\$0	\$586
Total NWS Program Cost	\$1,351	\$809	\$1,353	\$3,513
SREP Contribution	\$96	\$58	\$96	\$250
Total NWS Program Cost	\$1,255	\$751	\$1,257	\$3,263

VECC submits the NWS Program budget should be adjusted to exclude the Margin on Payment request, which is discussed below.

In addition, GrandBridge Energy indicates the NWS Program budget assumes that fifty percent (50%) of the Grid Innovation Specialist's time is spent on the NWS Program.¹⁵ GrandBridge Energy has included \$77,000 in the budget under Allocated Staffing Costs for each of the years 2027 and 2028 and then \$109,000 in 2026. The Grid Innovation Specialist position was filled on November 10, 2025.¹⁶ It seems to VECC that GrandBridge Energy may have included more than 50% of eight months of allocated staffing costs in 2026.

Benefit-Cost Analysis

Grandbidge Energy calculated anticipated financial benefits associated with the NWS Program using the OEB's Distribution Service Test (DST). In the original application, GrandBridge Energy calculated a DST Ratio of 1.97 (excluding Margin-on-Payment & inclusive of SREP contribution), which was revised to 1.30.¹⁷

The intent of the BCA Framework is in part to seek consistency in how distributors choose between NWS and traditional poles-and-wires infrastructure solutions to meet an electricity system need.¹⁸ The BCA Framework will assist electricity distributors and the OEB in determining whether an NWS, a traditional poles-and-wires infrastructure solution or a combination of the two is the preferred approach (i.e., the solution that provides the greatest

¹⁵ VECC IR 5-c

¹⁶ VECC IR 5-b

¹⁷ OEB Staff Ir 7-c

¹⁸

net benefit) in meeting a system need. Hence the BCA Framework is to be applied symmetrically to traditional poles-and-wire and NWS solutions.”¹⁹

Recognizing that the NWS Program represents a non-discretionary reliability investment, and there is no practical alternative to addressing the identified capacity constraints, GrandBridge Energy indicates it has applied the DST as a reasonable assessment to confirm that the proposed investment delivers net system benefits and is cost effective, but it has not applied the DST as a comparative test between multiple options. Rather, GrandBridge Energy’s analysis compares the NWS costs against quantified benefits. This does not align with the requirements of the BCA Framework, which is a comparative methodology to determine whether an NWS or a traditional poles and wires solution is more economically feasible.

VECC has reviewed the submissions of OEB Staff regarding the DST and agrees with OEB Staff that the BCA does not include a positive value for the mandatory Distribution Capacity impact stream. OEB staff submits that both a positive Distribution Capacity value and a positive DST ratio are required for a DST to demonstrate that an NWS is cost-effective and delivers value to ratepayers, including savings.²⁰ The filed DST does not show net benefits (savings) as required by the OEB’s BCA Framework.

Margin On Payment (MoP)

GrandBridge Energy requests approval for an incentive associated with its administration of the proposed NWS Program, in accordance with the OEB’s NWS Incentive Guidelines and the final Distribution System Code (DSC) section 11 provisions related to the MoP incentive.^{21 22}

VECC has reviewed the submissions of OEB Staff and agrees that the MoP incentive request does not meet the requirements established under section 11 of the DSC as it is not supported by a completed BCA and DST consistent with the OEB’s BCA Framework. GrandBridge Energy’s BCA does not demonstrate value to customers via a positive Distribution Capacity value. As a result, the submitted BCA does not meet the methodological requirements of the BCA Framework. A DST with a positive Distribution Capacity value is a condition of obtaining a MoP incentive.²³

VECC does not support GrandBridge Energy’s MoP incentive request.

¹⁹ OEB BCA Framework P.6

²⁰ OEB Staff Submission p.16

²¹ NWS Application p. 23

²² GBE’s budget is \$495,470, excluding SREP funding. The MoP incentive cost, after considering the SREP funding, is \$302,169.

²³ OEB Staff Submission p.17

DST Benefits:

GrandBridge Energy undertook an analysis to quantify the avoided costs (benefits) of the NWS Program with respect to reliability benefits due to: Avoided Unplanned Outages; Avoided Planned Outages; and Avoided Transmission Charges. GrandBridge Energy calculated the reliability benefits based on a Value of Lost Load (VOLL) calculation that resulted in \$19.05 CAD per kWh for non-residential customers and \$1.40 CAD per kWh for residential customers.

Based on these values, GrandBridge Energy determined the economic value of avoided outages as follows:²⁴

\$M	Original Application
PV Avoided Unplanned Outages	\$0.78
PV of Avoided Planned Outages	\$2.34
PV of Avoided Transmission Charges	\$0.42
Total	\$3.55

VECC submits that GrandBridge Energy may have overstated the duration assumptions with respect to Avoided Unplanned Outages and Avoided Planned Outages.

For the Avoided Unplanned Outage, the duration assumption is 8 hours with 1 unplanned outage over the 3-year period, and for the Avoided Planned Outages the duration assumption is based on two planned outages of 4 hours in duration in each of the years 2026, 2027 and 2028.

VECC has reviewed GrandBridge Energy's Unplanned Outages and calculates that the average unplanned customer outage has a duration of 0.69, 0.67 and 0.62 hours, for the Preston TS#, MTS1 and Galt TS, respectively.²⁵

Similarly with respect to Planned Outages, VECC calculates that the average planned customer outage has a duration of 0.81, 1.04 and 1.00 hours, for the Preston TS#, MTS1 and Galt TS, respectively.²⁶

In VECC's view, the 8-hour duration for Avoided Planned Outages and the 4-hour duration for Avoided Planned Outages may be overstated.

²⁴ NWS Application p.356

²⁵ SEC IR 7-c : Total Customer Hours/Total Customers interrupted

²⁶ SEC IR 8-c : Total Customer Hours/Total Customers interrupted

VECC's Position

GrandBridge Energy is investing in the NWS Program to address immediate short-term system capacity needs.

VECC supports GrandBridge Energy's NWS Program. GrandBridge Energy has demonstrated that the NWS addresses urgent local capacity needs between 2026 and 2028, until a new transformer station, MTS#2 is placed in service which is currently forecast for Q2 2028.

VECC submits the OEB should approve the funding for the NWS Program subject to VECC's comments regarding the MoP and Allocated Staffing Costs.